

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 7675

Petition of Vermont Electric Power Company,	)	
Inc. and Vermont Transco LLC (collectively,	)	Hearing at
"VELCO"), for a certificate of public good,	)	Montpelier, Vermont
pursuant to 30 V.S.A. § 248, authorizing	)	February 2, 2011
upgrades at VELCO's West Rutland substation	)	
in the Town of West Rutland, Vermont	)	

Order entered: 4/5/2011

HEARING OFFICER: Bridgette Remington, Esq.

APPEARANCES: Joslyn Wilschek, Esq.  
Elijah D. Emerson, Esq.  
Primmer Piper Eggleston & Cramer PC  
for Vermont Electric Power Company, Inc. and  
Vermont Transco LLC

Sarah Hofmann, Esq.  
for Vermont Department of Public Service

Donald J. Einhorn, Esq.  
for Vermont Agency of Natural Resources

**I. INTRODUCTION**

This case involves a petition filed by Vermont Electric Power Company, Inc. and Vermont Transco LLC (collectively, "VELCO" or "Petitioners") requesting a certificate of public good ("CPG") under 30 V.S.A. § 248 for upgrades at VELCO's West Rutland substation, including the installation of two 25 MVAR capacitor banks, in the Town of West Rutland, Vermont ("Project"). In this proposal for decision, I recommend that the Vermont Public Service Board ("Board") approve the petition.

## **II. PROCEDURAL HISTORY**

On September 28, 2010, VELCO filed a petition with the Board requesting a CPG under 30 V.S.A. § 248 for upgrades at VELCO's West Rutland substation, including the installation of two 25 MVAR capacitor banks, in the Town of West Rutland, Vermont.

On November 3, 2010, I held a Prehearing Conference. Appearances were entered for the Department of Public Service ("Department") by Sarah Hofmann, Esq., for VELCO by Joslyn Wilschek, Esq., and for the Agency of Natural Resources ("ANR") by Donald J. Einhorn, Esq.

A schedule for this proceeding was set forth in the Prehearing Conference Memorandum and Scheduling Order of November 10, 2010.

Following notice, a site visit and a public hearing were held on December 1, 2010. Approximately seven members of the public attended the public hearing, none of the attendees entered public comments at the hearing. The Board also received one letter from an adjoining landowner expressing concern about noise from the existing West Rutland substation facility.

No motions to intervene were filed in this docket.

On January 26, 2011, VELCO, the Department and ANR filed a Memorandum of Understanding ("MOU") and draft Proposal for Decision ("PFD") in which all the parties agreed that the Board "may issue a [CPG] without technical hearings." The specific provisions of the MOU are described in the findings below.

On January 28, 2011, the Deputy Clerk of the Board sent a letter stating that in accordance with 30 V.S.A. § 248(a)(4)(B) and the notice issued by the Clerk of the Board on January 14, 2011, the technical hearing would proceed as scheduled.

On January 31, 2011, the Department filed a determination that the proposed project is consistent with the *Vermont Electric Plan*, in accordance with 30 V.S.A. § 202(f).

A Technical Hearing was held on February 2, 2011, at which the prefiled testimony and exhibits were entered into the record. At the Technical Hearing, the Hearing Officer requested that VELCO file additional information and the Parties agreed to the admission of the requested information upon receipt by the Board.

On February 11, 2011, VELCO filed the requested information as supplemental testimony and exhibits and filed a proposed CPG as exh. Joint-2 and a copy of the MOU as exh. Joint-3.

No other parties filed comments.

### **III. VELCO'S MOTION FOR PROTECTIVE ORDER**

On September 28, 2010, when it filed its Petition seeking a CPG for the Project, VELCO also filed a Motion for Confidential Treatment of Selected Prefiled Exhibits VELCO-Ostrander-4 and VELCO-Ostrander-6. VELCO asserts that some of the information in the selected exhibits "may constitute Critical Energy Infrastructure Information ("CEII") as defined by the Federal Energy Regulatory Commission ("FERC") and therefore the Company is required to take appropriate measures to prevent their disclosure."

On October 28, 2010, November 29, 2010 and February 17, 2011, Board staff held workshops to discuss the identification, protection, and handling of CEII with the CEII Working Group ("CEII-WG"), which includes VELCO. Given that VELCO and Board staff are working to establish a methodology for the treatment of allegedly CEII, I conclude that VELCO's current request for a protective order should be granted, but only on a temporary basis. Because the subject exhibits may contain CEII, I recommend that the Board keep the information under seal pending the outcome of the Board's CEII workshop process. I further recommend that within thirty days of the completion of the Board's CEII workshop process, or by April 29, 2011, whichever is earlier, VELCO should be required to file a modified motion for protection of the information in the exhibits.

### **IV. FINDINGS**

Based on the Petition, the associated prefiled testimony, the MOU, the draft PFD, the proposed CPG, the evidence presented at the Technical Hearing, the supplemental testimony and exhibits filed after the Technical Hearing, and the absence of any factual disputes, I have determined that this matter is ready for decision. Based on the substantial evidence of record and

the testimony presented at the hearing, I hereby report the following findings to the Board in accordance with 30 V.S.A. § 8.

**A. Background and Project Description**

1. VELCO is a Vermont company as defined by 30 V.S.A. § 201, with offices at 366 Pinnacle Ridge Road, Rutland, Vermont. Petition at 1.

2. VELCO presently owns and operates the existing West Rutland substation, which was put into service in 1969 and upgraded as part of the Rutland Reliability Project (Docket No. 6479) and as part of the Northwest Vermont Reliability Project (Docket No. 6860). The existing facility consists of one 345 kV switchyard and one 115 kV switchyard. The 345 kV switchyard contains a four breaker 345 kV ring bus with two line positions and two transformer positions. The transformer positions supply two 345/115 kV transformers that connect to the adjacent 115 kV switchyard. The 115 kV switchyard contains a six breaker 115 kV ring bus with two transformer positions, three line positions, and one position that feeds the primary station service. Ostrander pf. at 3-4; Ostrander supp. pf. at 6-7; exhs. VELCO-Ostrander-3, 4, 5, and 10.

3. The Project will upgrade the existing West Rutland substation and include the installation of: (a) two 25 MVAR capacitor banks to the existing 115 kV ring bus; (b) a 115 kV circuit breaker with an associated 115 kV primary disconnect for each capacitor bank; (c) current series limiting reactors for each capacitor bank to prevent excessive current flow when switching; (d) bus extensions to connect each capacitor bank to the existing ring bus positions; (e) voltage transformers for each capacitor bank; (f) a concrete foundation and steel stand for each capacitor bank; (g) associated protection and control panels inside the existing control building; and (h) an expansion of the existing substation fence approximately thirteen feet to the west. Ostrander pf. at 4-5; exhs. VELCO-Ostrander-2, 3 and 4; tr. 2/2/11 at 9 (Ostrander).

4. The two new capacitor banks will be attached to two separate 115 kV lines. Ostrander pf. at 4.

5. The fence expansion will provide sufficient space for the Project's installation and for safe maintenance and drive access. Ostrander pf. at 5.

6. VELCO will use the existing substation property as the laydown area for the Project. Ostrander pf. at 6.

7. The Project is necessary to address low voltage issues that primarily arise during N-1-1 planning outage scenarios<sup>1</sup> and Federal and Regional reliability planning criteria violations. Ostrander pf. at 12; tr. 2/4/11 at 21-22 (Ostrander).

8. Project construction is scheduled to start in May 2011 and finish in September 2011. Exh. VELCO-Ostrander-7 at 2.

### **B. Stipulation**

VELCO, the Department, and ANR submitted an MOU and a draft PFD.<sup>2</sup> The MOU states that the parties agree that the Board should issue a CPG for the proposed Project provided that all of the terms of the MOU are met. In the MOU, the parties agree that:

While the Petitioners' prefiled testimony at page 4, line 6 had stated that they planned to expand the substation fence twenty feet to the west, the parties have agreed that the petitioner will expand the fence to a maximum of thirteen feet to the west and that the dimensions vary slightly from one end of the yard to the other.<sup>3</sup>

On February 11, 2011, VELCO also filed a proposed CPG based on conditions the parties agreed to at the Technical Hearing.<sup>4</sup> The proposed CPG includes the following conditions:

1. Construction, operation and maintenance of the project shall be in accordance with the plans and evidence submitted in this proceeding. Any material deviation from these plans must be approved by the Board.
2. Prior to commencing construction, the Petitioners shall obtain all necessary permits and approvals. Construction, operation, and maintenance of the proposed

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1. N-1-1 contingencies consist of a two-outage contingency involving a sequence of events consisting of the initial loss of a single transmission component, generally followed by system adjustments, and then another loss of a single transmission component.

2. Exhs. Joint-1 and 3.

3. Exh. Joint-3. At the Technical Hearing, Mr. Ostrander stated that the petitioner will actually expand the existing fence between twelve and fourteen feet to the west. The parties stated that this clarification is consistent with the intent of the MOU. Tr. 2/4/11 at 8-9 (Ostrander, Hofmann, and Einhorn).

4. Exh. Joint-2; tr. 2/4/11 at 43-44.

Project shall be in accordance with such permits and approvals, and with all other applicable regulations, including those of the Vermont Agency of Natural Resources.

3. Except in the event of an emergency, VELCO shall limit the Project's construction activities to the hours between 7:00 A.M. and 5:00 P.M., Monday through Saturday, and shall cease construction activities on Sundays and State and Federal Holidays. Commissioning and terminating of cables are not included in this limitation since this work does not require heavy equipment, does not result in loud noises and must coincide with outages.<sup>5</sup>

### **C. Review of the Project under the Section 248 Criteria**

#### **Orderly Development of the Region**

[30 V.S.A. § 248(b)(1)]

9. The Project will not unduly interfere with the orderly development of the region, with due consideration having been given to the recommendations of the municipal and regional planning commissions, the recommendations of municipal legislative bodies, and the land conservation measures contained in the plan of the affected municipality. This finding is supported by findings 10 through 13, below.

10. The Project is consistent with the Rutland Regional Planning Commission's ("RRPC") Regional Plan, which highlights the electricity demands of the region's commercial and industrial customers. The Project will advance the goals of the Regional Plan by improving the electric sub-transmission and distribution systems and making the electrical infrastructure more dependable. Ostrander pf. at 14.

11. VELCO provided the RRPC with a 45-day notice of the Project and members of the RRPC attended the December 1 public hearing; however, RRPC did not file any comments with the Board regarding the Project. Ostrander pf. at 14; tr. 2/4/11 at 19 (Ostrander); exh. VELCO-Ostrander-8.

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5. Exh. Joint-2. These conditions were agreed to by the Parties at the Technical Hearing and will be considered part of the Stipulation. However, the last sentence of the third condition was not discussed at the Technical Hearing and will be considered VELCO's proposed condition rather than part of the Stipulation. Tr. 2/4/11 at 43-44 (Ostrander, Hofmann, and Einhorn). In addition, VELCO stated that the Project will not require any customer outages; therefore, we will consider the use of "outage" in the last sentence, as a reference to when the line is out of service and a work-around is in place. See Finding 22.

12. The Project is consistent with the West Rutland Town Plan. The Project will, for the most part, fit within the existing substation fence, will not be easily visible by the public, and will improve reliability in the area. Ostrander pf. at 13-14; Ostrander supp. pf. at 3-5; exh. VELCO-Ostrander-15.

13. The Town of West Rutland issued a letter in support of the Project and stated that the Project will be consistent with the West Rutland Town Plan. Exh. VELCO-Ostrander-9.

**Need for Present and Future Demand for Service**

[30 V.S.A. § 248(b)(2)]

14. The Project meets the need for present and future demand for service which could not otherwise be provided in a more cost-effective manner through energy conservation programs and measures and energy efficiency and load management measures. This finding is supported by findings 15 through 18, below.

15. The Project is necessary to address reliability concerns in central Vermont, as well as other parts of Vermont and parts of New York. The Project will address low voltage issues that primarily arise during N-1-1 planning outage scenarios and improve voltage issues identified in both VELCO's *2009 Vermont Long Range Plan* ("LRP") and VELCO's September 2010 *Central Vermont Voltage Upgrade Project Steady Analysis* ("VELCO Study"). Ostrander pf. at 6 and 9; tr. 2/4/11 at 21-22 (Ostrander); exhs. VELCO-Ostrander-6 (Confidential) and 17 (Redacted).

16. VELCO's LRP specifically identified the need for several 115 kV capacitor banks to address voltage violations on the 115 kV system in the central Vermont load area. Ostrander pf. at 9; exh. VELCO-Ostrander-17 (Redacted).

17. The VELCO Study specifically indicated that the existing system would not meet Federal and Regional reliability standards at load levels projected to occur in 2013, based on the Independent System Operator of New England, Inc.'s ("ISO-NE") load forecasts. The projected Vermont peak load for the year 2013, with the inclusion of demand response and efficiency expectations of approximately 90 MW, is approximately 1060 MW. Ostrander pf. at 7-9; exh. VELCO-Ostrander-17 (Redacted).

18. The West Rutland substation is the most appropriate location for addressing the identified voltage issues because West Rutland is physically and electrically the center of the area of the voltage concerns. Ostrander pf. at 9.

**System Stability and Reliability**

[30 V.S.A. § 248(b)(3)]

19. The Project will not have an adverse impact on system stability or reliability. This finding is supported by findings 20 through 22, below.

20. The Project will not have an adverse impact on the transmission system. Instead, the Project will improve system reliability by maintaining the system voltage at acceptable levels as required by Federal and Regional reliability standards. Ostrander pf. at 10; exh. VELCO-Ostrander-17 (Redacted).

21. ISO-NE found no significant adverse impacts would result from VELCO's proposed upgrades to the West Rutland substation. Ostrander pf. at 10; exh. VELCO-Ostrander-14.

22. The Project's installation will not require any customer outages. Tr. 2/4/11 at 19 and 42-43 (Ostrander).

**Economic Benefit to the State**

[30 V.S.A. § 248(b)(4)]

23. The Project will result in an economic benefit to the state and its residents. This finding is supported by findings 24 through 26, below.

24. The Project will result in an economic benefit to the state and its residents because it is a least-cost alternative that will resolve pressing reliability concerns. The Project can be implemented quickly and is a relatively low-cost solution that will avoid the costs and safety problems associated with power outages, will ensure that commercial customers are served adequately, and will address low voltage concerns, which can damage equipment on the customer end. Ostrander pf. at 9 and 15; tr. 2/4/11 at 23-24 (Ostrander).

25. Project construction will create approximately two to three construction jobs, which will last for three to four months. Tr. 2/4/11 at 25 (Ostrander).

26. The total estimated cost of the Project is \$2,389,770. Exh. VELCO-Ostrander-7 at 1.



**Aesthetics, Historic Sites, Air and Water Purity,  
The Natural Environment and Public Health and Safety**

[30 V.S.A. § 248(b)(5)]

27. The Project as proposed will not have an undue adverse effect on aesthetics, historic sites, air and water purity, the natural environment and public health and safety. This finding is supported by findings 28 through 66, below, which address the criteria specified in 10 V.S.A. §§ 1424(a)(d) and 6086(a)(1)-(8)(a) and (9)(k).

**Outstanding Resource Waters**

[10 V.S.A. § 1424(a)(d)]

28. There are no outstanding resource waters in the Project area. Ostrander pf. at 17-18; exh. VELCO-Ostrander-11 at 4.

**Water and Air Pollution**

[10 V.S.A. § 6086(a)(1)]

29. The Project will not result in unreasonable water or air pollution. This finding is supported by findings 30 through 51, below.

30. The Project will not create undue air pollution. The Project's operation will not produce any air pollution. The Project's construction will result in some emissions from vehicles and equipment, but these emissions will be limited in nature and dust control measures, such as wetting the ground surface, will be utilized during construction. Ostrander pf. at 18; tr. 2/4/11 at 31 (Ostrander).

31. The Project will not result in undue water pollution. The Project will not create any new water waste streams. The existing West Rutland substation is included in VELCO's Spill Prevention, Control, and Countermeasure plan, which contains emergency spill response procedures and action to ensure that the facility does not produce undue water pollution. During construction, VELCO will address and remediate any spill of oil and/or hazardous material, such as diesel fuel, in accordance with state and federal regulations. Ostrander pf. at 19; *see also* findings 33 through 51, below.

32. The Project's expansion area, at its closest point, will be located approximately 1,215 feet from the nearest residence. The Project's construction activities may be audible from the nearest residence. The Project's operation will not change sound levels at the nearest residence. Ostrander pf. at 18; Ostrander supp. pf. at 3; tr. 2/4/11 at 32 (Ostrander); exhs. VELCO-Ostrander-12.

### Discussion

To limit the possible impacts of construction noise on nearby residences, VELCO proposed the following condition:

Except in the event of an emergency, VELCO shall limit the Project's construction activities to the hours between 7:00 A.M. and 5:00 P.M., Monday through Saturday, and shall cease construction activities on Sundays and State and Federal Holidays. Commissioning and terminating of cables are not included in this limitation since this work does not require heavy equipment, does not result in loud noises and must coincide with outages.<sup>6</sup>

VELCO stated that the Project will not require any customer outages; therefore, we will consider the use of "outage" in the last sentence of the proposed condition, as a reference to when the line is out of service and a workaround is in place.<sup>7</sup> In addition, we conclude that limiting the Project's construction activities to the hours between 9:00 A.M. and 5:00 P.M. on Saturdays will more adequately mitigate the possible impacts of construction noise on nearby residences.

### Headwaters

[10 V.S.A. § 6086(a)(1)(A)]

33. The Project is not located in a headwaters area. Ostrander pf. at 19; exh. VELCO-Ostrander-11 at 4-5.

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6. Exh. Joint-2; *see also* fn. 5.

7. *See* Finding 22.

**Waste Disposal**

[10 V.S.A. § 6086(a)(1)(B)]

34. The Project will meet applicable health and Department of Environmental Conservation regulations regarding the disposal of wastes. This finding is supported by findings 35 and 36, below.

35. The Project will not inject waste materials or harmful or toxic substances into groundwater or wells. Ostrander pf. at 20.

36. VELCO will dispose of Project-related wastes in accordance with all state and federal waste laws and regulations. Ostrander pf. at 20.

**Floodways**

[10 V.S.A. §§ 6086(a)(1)(D)]

37. The Project will not restrict or divert the flow of flood waters, or endanger the health, safety and welfare of the public or of riparian owners during flooding; and will not significantly increase the peak discharge of the river or stream within or downstream from the area of development or endanger the health, safety, or welfare of the public or riparian owners during flooding. This finding is supported by finding 38, below.

38. The Project will not involve development within any floodways or floodway fringe areas. Ostrander pf. at 20; exh. VELCO-Ostrander-11 at 6.

**Streams**

[10 V.S.A. §§ 6086(a)(1)(E)]

39. The proposed project will maintain the natural conditions of the stream in the vicinity of the proposed transmission substation and will not endanger the health, safety, or welfare of the public or adjoining landowners. This finding is supported by finding 40, below.

40. There is one stream within the project area. The stream was channelized during construction authorized under a Vermont General Permit issued by the United States Army Corps of Engineers in 2001 and borders the east and south perimeter of the existing West Rutland substation facility pad. The Project will not impact the existing stream channel. Ostrander pf. at 21; exh. VELCO-Ostrander-11 at 6-7 and Appendix at 2-4.

**Shorelines**

[10 V.S.A. § 6086(a)(1)(F)]

41. The Project is not located on a shoreline. Ostrander pf. at 21; exh. VELCO-Ostrander-11 at 7-8.

**Wetlands**

[10 V.S.A. § 6086(a)(1)(G)]

42. The Project will have no undue or adverse impacts on wetlands. Ostrander pf. at 22. This finding is also supported by findings 43 and 44, below.

43. Two Class II and one Class III wetlands are located in the Project area. Ostrander pf. at 21-22; exh. VELCO-Ostrander-11 at 8-9.

44. The expanded fence line will be located upland and, at its closest point, is approximately forty-nine feet from the nearest Class II wetlands buffer area. The Class III wetlands are located further away from the expansion than the Class II wetlands. Ostrander pf. at 21-22; Ostrander supp. pf. at 3; exh. VELCO-Ostrander-14.

**Water Conservation, Sufficiency of Water, and Burden on Existing Water Supply**

[10 V.S.A. §§ 6086(a)(1)(C), (a)(2), & (a)(3)]

45. The Project will not involve expansion or development of any water supplies for the substation. Ostrander pf. at 20 and 22; exhs. VELCO-Ostrander-11 at 6 and 10.

46. The Project will use water for dust control. The water will either be trucked in or taken from the existing on-site well that currently serves as the water supply for bathroom and domestic use at the West Rutland substation. Tr. 2/4/11 at 31-32 (Ostrander).

47. The Project will comply with all ANR requirements concerning water usage. Tr. 2/4/11 at 31-32 (Ostrander).

**Soil Erosion**

[10 V.S.A. § 6086(a)(4)]

48. The Project will not cause unreasonable soil erosion or reduction in the capacity of the land to hold water so that a dangerous or unhealthy condition may result. This finding is supported by findings 49 through 51, below.

49. The Project's construction will require minimal earth disturbances, and therefore will not require a Vermont General Permit 3-9020 for stormwater runoff from construction sites and does not require a site-specific erosion control plan. Ostrander pf. at 22; tr. 2/4/11 at 36 (Ostrander); tr. 2/4/11 at 37 (Einhorn).

50. The Project's construction will be performed in accordance with the VELCO Environmental Guidance Manual, which includes erosion prevention and sedimentation control measures to mitigate soil erosion and transport. Ostrander pf. at 22; exh. VELCO-Ostrander-11 at 10.

51. After construction, VELCO will permanently stabilize any areas of disturbed soil. Ostrander pf. at 22.

#### **Transportation Systems**

[10 V.S.A. § 6086(a)(5)]

52. The Project will not cause unreasonable congestion or unsafe conditions with respect to transportation. This finding is supported by findings 53 and 54, below.

53. During construction, the Project will generate up to six worker-vehicle trips per day and will generate approximately thirty truck trips. Tr. 2/4/11 at 39 (Ostrander).

54. The Project will utilize the existing access roads at the West Rutland substation facility. VELCO will avoid using the main road that goes through downtown West Rutland and will leave all of the Town's roads in the same condition in which the roads were found. Tr. 2/4/11 at 40-41 (Ostrander).

#### **Educational and Municipal Services**

[10 V.S.A. § 6086(a)(6) and (7)]

55. The Project will not have any impact on municipal or educational services. Ostrander pf. at 23.

**Aesthetics, Historic Sites  
and Rare and Irreplaceable Natural Areas**  
[10 V.S.A. § 6086(a)(8)]

56. The Project will not have an undue adverse effect on the scenic or natural beauty, aesthetics, historic sites or rare and irreplaceable natural areas. This finding is supported by findings 57 through 60, below.

57. The Project will be viewed in the context of the entire West Rutland substation facility and will not have an adverse aesthetic impact on the surrounding area. The new capacitor banks are a relatively minor addition to the facility and their relative height is significantly lower than the existing structures' heights. The fence expansion will not result in a significant loss of open space and the Project will be largely screened by existing vegetation and the mitigation plantings implemented for the Northwest Vermont Reliability Project. Ostrander pf. at 16-17; tr. 2/4/11 at 17 (Ostrander); exhs. VELCO-Ostrander-2, 3, and 10.

58. The Project will not impact any archeological sites. The Project will be located in an area of previous soil disturbances, which occurred during the construction of the existing substation facility. The Project will not impact any naturally occurring original soil conditions, which eliminates archeological concerns. Ostrander pf. at 15-16; tr. 2/4/11 at 29 (Ostrander).

59. The Project will not impact any above-ground historic sites. Ostrander pf. at 15-16; exh. VELCO-Ostrander-16.

60. There are no known rare or irreplaceable areas at the Project site. Exh. VELCO-Ostrander-11.

**Necessary Wildlife Habitat and Endangered Species**  
[10 V.S.A. § 6086(a)(8)(A)]

61. The proposed project will not destroy or significantly imperil necessary wildlife habitat or any endangered species. This finding is supported by findings 62 through 64, below.

62. The Vermont Natural Heritage Information Project's online database and prior field reconnaissance indicate that no endangered species or significant natural communities exist within the Project site. Exh. VELCO-Ostrander-11 at 11-12.

63. Although mapped deer wintering habitat exists to the east of the West Rutland substation, the habitat does not extend into the current Project area, nor are appropriate deer wintering habitat conditions present within the Project area. Exh. VELCO-Ostrander-11 at 12.

64. The Project will not have any undue adverse impacts on necessary wildlife habitat or endangered species. Ostrander pf. at 24; exh. VELCO-Ostrander-11 at 11-12.

#### **Development Affecting Public Investments**

[10 V.S.A. § 6086(a)(9)(K)]

65. The Project will not unnecessarily or unreasonably endanger the public or quasi-public investments in any governmental public utility facilities, services, or lands, or materially jeopardize or interfere with the function, efficiency, or safety of the public's use or enjoyment of, or access to, such facilities, services, or lands. Ostrander pf. at 24. This finding is also supported by findings 52 through 54, above.

#### **Public Health and Safety**

[30 V.S.A. § 248(b)(5)]

66. The Project will not have any undue adverse impacts on public health or safety. VELCO designed the Project to comply with its own Substation Design Standards as well as the standards of the National Electrical Safety Code, Institute of Electrical and Electronic Engineers, American National Standards Institute, and National Electrical Manufacturer's Association. Ostrander pf. at 5.

#### **Least-Cost Integrated Resource Plan**

[30 V.S.A. § 248(b)(6)]

67. VELCO does not have an Integrated Resource Plan. However, the Project is consistent with VELCO's LRP, which specifically identified reliability planning criteria violations, primarily due to voltage concerns, and proposed the installation of capacitor banks to resolve those issues. Ostrander pf. at 12 and 25; tr. 2/4/11 at 41 (Ostrander).

68. Non-transmission alternatives ("NTAs"), such as demand-side and generation alternatives, are not viable options to resolve the reliability planning criteria violations identified

in the LRP and the Project cost is below the cost threshold in the Vermont System Planning Committee's ("VSPC") screening test. In addition, the VSPC reviewed VELCO's LRP, including the NTA screening of the proposed transmission solution, and VELCO informed the VSPC throughout the planning process of changes to the priority list and consideration of the effects of regional planning developments. Ostrander pf. at 12-13.

### **Compliance with Electric Energy Plan**

[30 V.S.A. § 248(b)(7)]

69. The Project complies with the *Vermont Twenty-Year Electric Plan* (the "Plan"). The Plan sets forth several basic objectives that must be satisfied to serve the public interest. When utilities design and implement long-range resource plans, the Plan requires them to strive to meet Vermont's electric energy needs in a manner that is "efficient, adequate, reliable, secure, sustainable, affordable, safe, and environmentally sound, while encouraging the state's economic vitality and maintaining consistency with other state policies." Utilities must "carefully balance" these objectives. VELCO will balance these objectives by installing the Project to resolve voltage issues at a previously disturbed site, thus improving system stability and reliability without creating undue environmental impacts. Ostrander pf. at 25-26; *see also* findings 28 through 66, above.

70. On January 31, 2011, the Department filed a letter stating that the Project is consistent with the *Vermont Twenty-Year Electric Plan*, pursuant to 30 V.S.A. § 202(f). Letter of January 31, 2011, from Sarah Hofmann, Esq., to Susan Hudson, Clerk of the Board.

### **Outstanding Resource Waters**

[30 V.S.A. § 248(b)(8)]

71. There are no outstanding resource waters in the Project area. Ostrander pf. at 18; *see* exh. VELCO-Ostrander-11 at 4.

### **Waste-to-Energy Facility**

[30 V.S.A. § 248(b)(9)]

72. The Project does not involve a waste-to-energy facility.



**Existing or Planned Transmission Facilities**

[30 V.S.A. § 248(b)(10)]

73. The Project can be served economically by existing transmission facilities without undue adverse impacts on Vermont utilities and customers. This finding is supported by findings 74 and 75, below.

74. The Project will enhance the existing transmission facilities by improving transmission line voltage and system stability and reliability. Ostrander pf. at 9-10 and 26.

**IV. DISCUSSION**

VELCO has provided sufficient evidence to demonstrate that the Project complies with Section 248 criteria. I recommend that the Board approve the proposed project and issue a CPG for construction of the proposed project in accordance with the MOU and with the conditions agreed to by the parties.

On January 26, 2011, VELCO, the Department, and ANR filed an MOU in which all the parties agreed that the Board should issue a CPG. All parties to this proceeding have waived their rights under 3 V.S.A. § 811 to file written comments or present oral argument with respect to this Proposal for Decision ("PFD"), provided that this PFD is substantially in the form as that agreed to by the parties. Therefore, pursuant to 3 V.S.A. § 811, I am not circulating the PFD to the parties for their review or comment.

**V. CONCLUSION**

Based upon the evidence in the record, I conclude that the proposed project, with the conditions identified below:

(a) will not unduly interfere with the orderly development of the region with due consideration having been given to the recommendations of the municipal and regional planning commissions, and the recommendations of the municipal legislative bodies;

(b) is required to meet the need for present and future demand for service which could not otherwise be provided in a more cost-effective manner through energy conservation programs and measures and energy efficiency and land management measures;

(c) will not adversely affect system stability and reliability;

(d) will result in an economic benefit to the state and its residents;

(e) will not have an undue adverse effect on aesthetics, historic sites, air and water purity, the natural environment and the public health and safety, with due consideration having been given to the criteria specified in 10 V.S.A. § 1424a(d) and §§ 6086(a)(1) through (8) and (9)(K);

(f) is consistent with the principles of least-cost integrated resource planning;

(g) is in compliance with the electric energy plan under 30 V.S.A. § 202;

(h) does not involve a facility affecting or located on any segment of the waters of the State that has been designated as outstanding resource waters by the Water Resources Board;

(i) does not involve a waste-to-energy facility; and

(j) can be served economically by existing or planned transmission facilities without undue adverse effect on Vermont utilities or customers.

I recommend that the Board approve the proposed project and issue a CPG for construction of the proposed project with the conditions below.

DATED at Montpelier, Vermont this 5<sup>th</sup> day of April, 2011.

s/ Bridgette Remington

Bridgette Remington, Esq.  
Hearing Officer

## **VI. ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board ("Board") of the State of Vermont that:

1. The findings, conclusions, and recommendations of the Hearing Officer are adopted.
2. The proposed upgrades at the West Rutland substation in the Town of West Rutland, Vermont, will promote the general good of the State of Vermont in accordance with 30 V.S.A. Section 248, and a certificate of public good to that effect shall be issued.
3. Construction, operation, and maintenance of the proposed project shall be in accordance with the plans and evidence as submitted in these proceedings. Any material deviation from these plans must be approved by the Board.
4. Prior to proceeding with construction, Vermont Electric Power Company, Inc. and Vermont Transco LLC (collectively, "VELCO") shall obtain all necessary permits and approvals. Construction, operation, and maintenance of the proposed project shall be in accordance with such permits and approvals, and with all other applicable regulations, including those of the Agency of Natural Resources.
5. Except in the event of an emergency, VELCO shall limit the Project's construction activities to the hours between 7:00 A.M. and 5:00 P.M., Monday through Friday and the hours between 9:00 A.M. and 5:00 P.M. on Saturday. VELCO shall cease construction activities on Sundays and State and Federal Holidays. Commissioning and terminating of cables are not included in this limitation since this work does not require heavy equipment, does not result in loud noises and must coincide with when the line is out of service.

Dated at Montpelier, Vermont, this 5<sup>th</sup> day of April, 2011.

s/ James Volz )

) PUBLIC SERVICE

s/ David C. Coen )

BOARD

) OF VERMONT

s/ John D. Burke )

OFFICE OF THE CLERK

FILED: April 5, 2011

ATTEST: s/ Susan M. Hudson  
Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within*